

STATE OF MONTANA COMPLIANCE SUPPLEMENT FOR AUDITS OF LOCAL GOVERNMENT ENTITIES	REF: CNTY-13
	PAGE: 1 of 3
PROGRAM/SUBJECT: Counties - Multijurisdictional Service Districts	

TYPES OF ENTITIES: Counties

SOURCE OF AUTHORIZATION AND REGULATIONS: Title 7, Chapter 11, Part 11, of the Montana Code Annotated

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I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

1. Compliance Requirements:

- Municipalities and counties may form multijurisdictional service districts to provide a higher level of service than is available through the local governments forming such a district; or services that are not available through the governments forming such a district. (Section 7-11-1101, MCA)

(Note: A city and a county may form a multijurisdictional library service district if they meet the statutory requirements of Title 7, Chapter. 11, Part 11, MCA, and Title 15, Chapter. 10, Part 4, MCA, and if any existing contract for providing library services involving residents of one or more of the participating jurisdictions has expired. A multijurisdictional service district may not be formed for the sole purpose of equalizing the tax burden among those currently using the service; however, one increased service of the district may be to equalize the tax burden among users as long as the district provides services in the manner required by Section 7-11-1101, MCA. (A.G.O. No.23, Vol. 46))

- A multijurisdictional service district may provide only those services that are authorized to be provided by local governments. (Section 7-11-1102(1), MCA)
- The services that a multijurisdictional service district may provide are:
 - a. recreational programs other than park and recreation programs in a county park district established under Title 7, Chapter 16, Part 24, MCA;
 - b. road, street, and highway maintenance;
 - c. libraries;
 - d. jails;
 - e. dog control programs;
 - f. ambulance service;
 - g. dispatch service;

PROGRAM/SUBJECT: Counties - Multijurisdictional Service Districts	REF: CNTY-13
	PAGE: 2 of 3

I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

1. Compliance Requirements - continued:

- h. protection of human health and the environment, including scenic concerns and recreational activities for areas requiring or involving environmental reclamation;
- i. health services and health department functions; and
- j the maintenance or provision of any public infrastructure facility, project, or service.

(Section 7-11-1102(2), MCA)

- A multijurisdictional service district is established by an interlocal agreement among participating jurisdictions (counties/cities/towns), as authorized by an ordinance of each of the jurisdictions, to form the district. (Section 7-11-1105, MCA)

(Note: An ordinance, for purposes of this section, includes a resolution of a county not having the power to enact ordinances.)

- Upon adoption of a multijurisdictional district authorizing ordinance, notice of the adoption must be published in a newspaper of general circulation in the jurisdiction. The notice must set forth the text or substance of the ordinance and state that electors or property owners may submit protests to the local government clerk. (Section 7-11-1107, MCA)

(Note: A.G.O. No. 19, Vol. 46, states that a county that offered library services prior to 1986 may not form a new taxing unit to avoid the limitations on property taxes imposed under Initiative Measure No. 105 (I-105) by establishing a public library pursuant to Section 22-1-303, MCA, or by forming a multijurisdictional service district to provide library services pursuant to Title 7, Part 11, Chapter 11, MCA. Although not addressed in the A.G.O. because it was issued in 1996 before the Legislature eliminated I-105 and enacted Senate Bill No. 184 during the 1999 Legislature, it would appear that the basic conclusions of this opinion would also apply to tax limitations established by Senate Bill No. 184, which are contained in Title 15, Chapter 10, Part 4, MCA. Portions of that part were amended by the 2000 Special Session of the Legislature and by the 2001 Legislature. See CNTY-2 for addition information on these budgetary limitations.)

Suggested Audit Procedures:

- If a multijurisdictional service district is established during the audit period, review a copy of the interlocal agreement and the ordinance of the entity being audited.
- Determine that the district was established to provide a type of service provided by statute.
- Determine that a notice of adoption of the multijurisdictional district authorizing ordinance was published in a newspaper of general circulation in the jurisdiction.

PROGRAM/SUBJECT: Counties - Multijurisdictional Service Districts	REF: CNTY-13
	PAGE: 3 of 3

I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

Suggested Audit Procedures - continued:

- Determine that the creation of a multijurisdictional district does not result in the budgetary restrictions provided for in State law being circumvented.

2. Compliance Requirements:

- The ordinance (or resolution in the case of a county) to authorize a multijurisdictional service district must include the following:
 - a. the name of the proposed district;
 - b. the services to be provided by the proposed district;
 - c. a statement of convenience and necessity;
 - d. a boundary map of the proposed district;
 - e. estimated costs of services and methods of financing the district;
 - f. the method of administering the proposed district; and
 - g. the maximum property tax mill levy for property taxes in the district, subject to budget limitations described in Section 15-10-420, MCA.
 (Section 7-11-1106, MCA)
- Subject to Section 15-10-420, MCA, local governments organizing a multijurisdictional service district are authorized to levy property taxes in an amount not to exceed that authorized for the district in Section 7-11-1106, MCA, and to appropriate funds derived from other than general tax revenues for the operation of the district. (Section 7-11-1112(1), MCA)
- A property tax levied for the purpose of financing the district must, for all agricultural property having an area greater than 10 acres, be levied only on the principal residential dwelling, if any, on such property. (Section 7-11-1112(2), MCA)

Suggested Audit Procedures:

- Review the ordinance authorizing a multijurisdictional service district and determine that the ordinance includes the requirements listed above, and as specified in Section 7-11-1106, MCA.
- Review the authorizing ordinance or resolution to determine the maximum property tax mill levy authorized for the district, and determine that the property tax actually levied was not in excess of that maximum levy after considering the limitations of Section 15-10-420, MCA.
- Determine that a property tax levied for the district was, for all agricultural property having an area greater than 10 acres, levied only on the principal residential dwelling, if any, on the property.